



Summer 2008

BUS 222 E: Financial Management in Europe

Instructor: Mr. Andreas Rambow
Clos des Pierrailles 4
B-1450 Chastre-Blanmont
Phone: 010-65.91.81; GSM: 0498-38.95.40
Email: andreas_rambow@earthlink.net
Office Hours: By appointment

Course Materials:

1. Stanley B. Block and Geoffrey A. Hirt. Foundations of Financial Management, 12th edition. McGraw-Hill, 2008. Either printed or electronic version.
2. A simple hand-held calculator is highly recommended for solving financial problems.

Course Description: An overview of the principles and practices of organizing, financing, and rehabilitating a business enterprise. Topics include the various types of securities and their usefulness in raising funds; methods of apportioning income, risk, and control; inter-corporate relations; and new developments. Emphasis is on solving problems of financial policy that managers face.

Course Goals:

1. Define the goals of the firm and the philosophy of financial management.
2. Demonstrate an understanding of the key financial statements; what they are designed to do; how they are analyzed; and their role in financial planning, forecasting, and budgeting.
3. Explain how financial markets operate, and how interest rates are determined and their effect on business decisions.
4. Discuss the time value of money and how risk is measured and its effect on asset values and rates of return.
5. Explain how to measure the cost of capital and how this information and risk are used to evaluate potential capital investments

6. Explain the theory behind the valuation of stocks and bonds, and calculate their value.
7. Discuss long-term and short-term financing decisions to include capital structure theory, dividend policy, the different types of securities, and working-capital management.
8. Explain the concepts of financial and operating leverage.
9. Describe corporate restructuring through mergers, leveraged buyouts, and divestitures.
10. Discuss the differences between multinational and domestic financial management

Course Introduction: Financial managers are responsible for allocating funds to current and fixed assets. They are in charge of obtaining the best mix of financing alternatives and of developing an appropriate dividend policy within the context of the firm's objectives. These functions are performed on a day-to-day basis as well as through infrequent use of capital markets to acquire new funds. The daily activities of financial management include credit management, inventory control, and the receipt and disbursement of funds. Less routine functions encompass the sale of stock and bonds and the establishment of capital budgeting and dividend plans.

The appropriate risk-return trade-off must be determined to maximize the market value of the firm for its shareholders. The risk-return decision will influence not only the operational side of the business (capital versus labor or Product A versus Product B), but also the financing mix (stocks versus bonds versus retained earnings).

Course Assignments:

1. Attendance and Participation.....10%
2. Weekly Problem Sets.....20%
3. Short Weekly Quizzes (lowest score dropped).....20%
4. Financial Statement Analysis.....20%
5. Final Exam.....30%

Grading Policy:

A	A-	B+	B	B-	C+	C	C-	D+	D	F
85% or above	84-81%	80-77%	76-73%	72-69%	68-66%	65-62%	61-58%	57-54%	53-50%	Less than 50%

This grading scale is in line with Vesalius College's grading policy. A curve may be applied.

Course Schedule:

Meeting Day	Topics	Assignment
June 4	Chapter 3: Financial Analysis	Problems as assigned by instructor
June 5	Chapter 4: Financial Forecasting	Problems as assigned by instructor
June 10	Chapter 5: Operating and Financial Leverage	Problems as assigned by instructor
June 11	Chapter 6: Working Capital and the Financing Decision	Problems as assigned by instructor
June 12	Chapter 7: Current Asset Management	Problems as assigned by instructor
June 17	Chapter 8: Sources of Short-Term Financing	Problems as assigned by instructor
June 18	Chapter 9: The Time Value of Money	Problems as assigned by instructor
June 19	Chapter 10: Valuation and Rates of Return	Problems as assigned by instructor
June 24	Chapter 11: Cost of Capital	Problems as assigned by instructor
June 25	Chapter 12: The Capital Budgeting Decision	Problems as assigned by instructor
June 26	Chapter 13: Risk and Capital Budgeting	Problems as assigned by instructor
July 1	Chapter 14: Capital Markets	Problems as assigned by instructor
July 2	Chapter 15: Investment Banking	Problems as assigned by instructor
July 3	Chapter 17: Common and Preferred Stock Financing; Financial Statement Analysis Due!!!!	Problems as assigned by instructor
July 7 - 10	Final Exam Week	Exact Dates will be announced

Some general remarks about this course:

1. This course is demanding and will require a lot of your undivided attention, time and commitment. Please try to read the chapters we are covering in advance, so that you know what we are talking about and are prepared. A student who is not prepared will get much less out of this class. Do not worry too much, if you do not understand much of what you are reading. We will most likely cover it in class.
2. Please work the assigned problems either alone or, preferably, in a group. This is a critical learning experience. Finance is not a class where reading the textbook suffices, but where constant practice is the key to being a successful student.
3. Attendance in this class is required. I will take roll at each class meeting to see who is there. Just like reading the textbook and working the problems, attendance is of utmost importance to be a successful student in this class. You are also encouraged to ask plenty of questions. (There is no such thing as a stupid question, there are only stupid answers!!!)
4. Academic dishonesty (aka “cheating”) will be reported to the college administration for sanctions in accordance with university policy.
5. There will be a little review quiz at the beginning of each class about what we did the previous week. Therefore, you are highly encouraged to be in class on time. If you are late and have no valid and verifiable reason to be late, there will be no makeup quiz and you will receive a zero for it. To qualify for a makeup quiz, you must present documentation verifying the circumstances for your lateness.
6. Please note the dates for the final examination. These dates have been set by Vesalius College, and all students are required to take both exams as scheduled. Late exams will only be allowed in emergency situations. In evaluating your reasons, I will be stricter in my judgment than in the case of a makeup quiz.